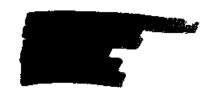


This material may be subject to the confidentiality previsions of section TALHI of The Clayton Act which restricts release under the Freedom of Information



April 2, 1998

VIA FEDERAL EXPRESS

Richard Smith, Esquire Senior Staff Attorney Premerger Notification Office Burcau of Competition Federal Trade Commission Room 301 Washington, DC 20580



This firm is counsel to an acquiring person pursuing the acquisition of all of the issued and outstanding capital stock of an acquired person. We are currently analyzing whether premerger notification is required under Section 7A of the Clayton Act. The acquiring person has total assets in excess of \$100 million.

In our telephone conversation, I posed the question whether assets reflected on the balance sheet of the acquired person but held temporarily in a fiduciary capacity may be excluded for purposes of the "size of person" test. Specifically, the acquired person in this instance is an insurance agency which bills its customers for insurance are prepriately and temporarily holds reconsist before aggregating and temporarily holds aggregated to the second s

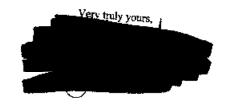
customers as "cash - restricted", or "investments - restricted", and the acquired person books accounts receivable for premiums to be received from insureds for subsequent payment to insurers as "accounts receivable - premiums."

According to regulations promulgated by the FTC, total assets are

Richard Smith, Esquire, Senior Staff Attorney Page 2

At your suggestion, I have enclosed a copy of the acquired person's balance sheet as at December 31, 1997 with the name of the company redacted. Kindly confirm to us in writing that such "trust fund" assets may be excluded from the

mound you have any questions, please feel free to call me or if it is a - or April oth and returning April 13, absence, please call my pariner 1



CONSOLIDATED BALANCE SHEETS June 30, 1997 AND 1996

	1997	1996	
ASSETS This material may be subject to	the		
eartideatisatis grevisions of \$80	DDN .		
CURRENT ASSETS: 7A[h] of The Caylon Act which re- release under the freedom of infor	stricas emalican		
Cash - operating Act.	\$ 2,113,846	\$ 1,060,176	
Cash - restricted	8,078,899	5,722,246	
Investments - restricted	10,094,424	12,425,784	
Accounts receivable - insurance premiums	12,094,262	12,256,327	
Deferred income taxes	170,953	171,204	
Prepaid expenses and other current assets	1,321,019	952,065	
Total Current Assets	33,873,403	32,587,802	
PROPERTY AND EQUIPMENT - NET	503,436	670,557	
OTHER ASSETS:			
Deferred income taxes	185,231	141,186	
assertatemalanes mak aumenhin elen (FECO)			
1			
Topp Other Arrate	368.350	205-517	
LIABILITIES AND STOCKHOLDERS' DEFICIT			
CURRENT LIABILITIES:			
Notes payable	\$ 998,428	S 998,428	
Premiums payable-insurance carriers	29,606,407	29,145,313	
Deferred commission income	732,157	796,385	
Accrued salaries	1,847,304	1,210,568	
Accrued pension, profit sharing, and employee			
stock ownership plan contributions	518,171	427,429	
Loans payable - stockholders	470,617	470,797	
Other accrued expenses and current liabilities	1,247,293	1,012.917	
Total Current Liabstities	35,420,377	34,061,837	
NOTES PAYABLE	343,913	1,444,381	
Total Liabilities	35,766,330	35,506,218	
COMMITMENTS			
STOCKHOLDERS' DEFICIT	(1,021,222)	(1,861,146)	
TOTAL	\$ 34,745,108	\$ 33,645,072	

See notes to consolidated financial statements.